E. Mail

362-92
August 6, 1993

To: E. M. McAtee
From: R. C. Farmer

Dear Ed:

Listed below you will find three examples of how I have used the customer entertainment to build relationships and solidify RJR's position in the marketplace as requested in your letter of August 4th.

In early 1990, I determined that we were well situated with major supermarket chains, but a void existed with our key convenient/gas customers. We had developed some relationships by our association with NYACS and other events over the years, but I had spent little entertainment dollars on the key industry leaders.

That year, I had an opportunity to go to Vegas and I took 5 of the key Convenient/Gas operators in the market as listed below:

Kevin Fox, President **Sugarcreek (90)**
Cliff Brazie, Director of Merchandising, **United Refining (349)**
Bob Witherell, Director of Operations, **NOCO Motor Fuels (32)**
John McDougal, President, **Nice & Easy Corp., (71)**
Roger McVetta, President, **Con-Sun Food Industries, Inc. (36)**

Spending 3 nights and 4 days with these couples, enabled Linda and myself to establish relationships that have grown over the past few years to not only a business relationship but a friendship. When Philip Morris came with their Retail Masters and offered most of these people $200.00 per month per store over our payment, everyone refused to desert RJR. Currently, in every one of these chains we have Monarch as the only low end brand, RJR fixtures in every store and advertising, inside and out. The latest Marlin numbers show our success in the Convenient/Gas industry in upstate New York.

In 1992 I had an opportunity to entertain:

Carl Tripi, Owner, **Tripifoods**
Frank Borer, Owner, **Express Mart (52)**
Gene Baker, VP Merchandising, **Red Barrel Stores (25)**

at the Patio Ranch.

Spending time with these key executives in an atmosphere that put us together at least 19 hours a day, enabled me to reach a never before enjoyed first name relationship. Prior to the trip, Red Barrel was 100% P.M. fixtures with Basic. After

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the trip, they became RJR with Price Master. Express Mart is 100% RJR with Pilot as their low end brand.

Although Frank Borer and I do not talk on a frequent basis, just our first name relationship has given me the edge over competition and I now feel I can call him as needed.

Tripifoods has our Price Master brand and Carl Tripi from time to time has called me asking for advice or my view on different situations. Tripi is 100% Value Added and our Value Added programs supersede any Philip Morris programs.

Another event that I feel has given me a competitive advantage is the local RJR/Nabisco/Planters outing held in upstate New York for about 80 key customers. For $8,000.00 we entertain 80 people for 18 holes of golf, prizes; lunch, cocktail party and dinner. This is an extremely inexpensive event but we find our key customers thoroughly enjoy the day.

I think the three examples above represent my feelings toward entertainment on a selected basis and I strongly support the thought process of maintaining presence at the Convenient/Gas trade segment as this continues to be key to our future in developing new customers for our brands.

As far as an example of how the lack of customer entertainment or my inability to entertain specific customers has had a negative impact, I have nothing as concrete as above.

Basically, the reason I have not entertained customers that I would like to, has not been financial limits or lack of events, but their inability via personal preferences and/or company policies not to accept entertainment.

Wilson Farms in Buffalo, with which you are familiar, has never been entertained and we certainly have none of the advantages outlined above. However, most of the problem is with Wilson Farms and not us.

I hope this provides you with the ammunition needed to obtain objectives outlined in your letter.

Sincerely,
ROGER
R. C. Farmer
RCF:am
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